



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

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MEMORANDUM FOR SEE DISTRIBUTION

103 JUL 1997

FROM: HQ USAF/ILE
1260 Air Force Pentagon
Washington, DC 20330-1260

SUBJECT: Office of Management and Budget Military Housing Privatization Scoring
Guidance

We recently received the subject guidance (attached) from the Housing Revitalization Support Office (HRSO). The new guidance represents a significant effort on the part of HRSO and OMB to reach agreement on one of the most critical issues affecting the housing privatization program. We will use this guidance when evaluating all housing privatization projects.

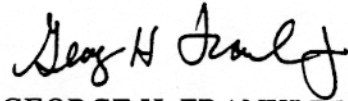
The new guidance clarifies and confirms many existing interpretations of the previous guidance dated 25 Oct 96. It also relaxes the restrictive interpretation previously held on "participation". However, it discourages the practice of assigning service members to housing and specifically prohibits the practice of providing utilities and other services "that would normally be paid for by a developer, home owner or tenant."

We are excited that the new participation calculation will make it easier for our projects to attract developers and to qualify for credit reform scoring. The new guidance counts up to 90 percent of the private first mortgage as developer "participation" if the government only provides a guarantee against base closure, downsizing or deployment.

The new provision that discourages assignment of service members to housing should not have much affect on our family housing initiatives because we had not intended on using the assignment authority in the manner depicted in the new OMB guidance. However, this provision might detrimentally affect our strategy in the unaccompanied housing privatization program.

The new provision that prohibits the Services from providing utilities and other services as a subsidy to the housing provider will have little or no impact on privatization initiatives that are being considered in off-base scenarios. This new provision will require that we change the direction we have been proceeding with some on-base privatization initiatives. In keeping with Air Force guidance that members who live in privatized housing will not pay anymore for housing than they would in traditional Military Family Housing, we will need to come up with innovative ways to finance privatization initiatives and pay for the utilities and other services with our available housing allowances and other resources.

We are encouraged that HRSO and OMB have reached a consensus on the critical issue of scoring. Now that we have this guidance in place, we are positioned to help you make critical decisions regarding housing privatization at your locations. We welcome your comments or questions regarding this matter. My POC for this issue is Maj Steve Shea, AF/ILEIP, at DSN 227-9528, e-mail: stephen.shea@af.pentagon.mil.



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DCS/Installations & Logistics

Attachment:

OMB Memo (25 Jun 97) w/attch

cc:

HQ USAFE/CEP/CEO

HRSO

AF Housing Privatization IPT Members

AF Unaccompanied Housing IPT Members

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